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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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+ GVN/Econ

August 13, 1973

Why not a memo from HAK?

MEMORANDUM FOR: MR. MAURICE J. WILLIAMS
DEPUTY ADMINISTRATOR
AGENCY FOR INTERNATIONAL DEVELOPMENT

SUBJECT: Economic Support for South Vietnam

The most serious economic problem for South Vietnam is the precipitous fall in DOD spending from $400 million to $100 million as our forces have been withdrawn. Congress has thus far been unwilling to replace this DOD economic support with AID funds.

There are programs which require substantial local expenditure which DOD has agreed to continue, both because of their utility and their contribution to economic support. However, with the reduction of DOD employees, both military and civilian, in Saigon, DOD needs assistance from AID to implement these programs. DOD is fully prepared to reimburse AID for the costs involved. Although it is my understanding that USAID in Saigon has been willing to take on whatever responsibilities are useful and to modify its staffing pattern if necessary, AID/W has been a major problem. The approach has not been how can AID help, but why AID should not help.

The attached cable is a key example. The dependent shelter program would employ thousands of people; it is mainly women and children who will live in the houses; DOD has switched from a self-help program to civilian contracting. Neither of AID/W's arguments hold water. USAID would work with local civilian contractors. While the housing is located on ARVN installations, the cooperation with ARVN units would be minimal -- perhaps some site inspections and arrangements for access. USAID's relationship would be with the civilian contractors. The second AID point is preposterous. With the large USAID staff in Saigon, this few million dollar program would, at most, merely limit the rapidity of the cut in staff. If AID does not have people who know how to contract for building houses, what has it been doing in housing programs for many years? The dependent housing decision is serious. About $7 million in economic support could be lost any day, if AID/W does not reverse its position.

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AID/W has given DOD similar problems on the hospital. DOD has now assigned the capability to Saigon to do the job. However, these funds were nearly lost.

The President is determined to provide adequate economic support for South Vietnam. To the extent DOD funds can be used, the pressure to find resources from other AID accounts is reduced.

I hope you can take forceful action to change the general attitude of AID/W on these important South Vietnam DOD projects. If there are real legal problems, I would be interested in seeing an analysis of them. Most immediate is the importance of reversing the dependent housing decision.

Charles A. Cooper

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AIDAC

E.O. 11652: N/A

SUBJECT: DEPENDENT SHELTER PROGRAMS AND ARVN HOSPITAL

REF: (A) SAIGON 11587 (B) SAIGON 12683

1. AFTER SERIES OF DISCUSSIONS WITH DOD, AID/W HAS INDICATED TO DOD THAT USAID/SAIGON WILL NOT ASSUME RESPONSIBILITY FOR MANAGING THE REMAINDER OF THE VIETNAMESE MILITARY DEPENDENT SHELTER PROGRAMS. WE BELIEVE THAT ON GROUNDS (A) OF A WORKLOAD INVOLVING CLOSE COOPERATION WITH ARVN UNITS IN NUMEROUS LOCATIONS IN VIETNAM, AND (B) OF A WORKLOAD EXCEEDING OUR STAFFING CAPACILITIES, THAT THIS ACTIVITY CAN NOT BECOME AN AID RESPONSIBILITY. AID/W SUPPORTS DEPENDENT SHELTER PROGRAM AS DESIRABLE ACTIVITY BUT FEELS IT BEST WE NOT BE INVOLVED THIS ACTIVITY.

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2. AFTER CAREFUL REVIEW ALL CORRESPONDENCE PERTAINING ARVN HOSPITAL PROPOSAL, AID AND DOD AGREE THAT DOD SHOULD ALSO MANAGE CONSTRUCTION ARVN HOSPITAL. THEREFORE, USAID SHOULD NOT PLAN TAKE OVER THIS ACTIVITY.

3. DECONTROL 8/6/74. ROGERS

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